

**SUDBURY  
CONTACT  
MINES**

LIMITED



**SEMI  
ANNUAL  
REPORT**



FOR THE PERIOD ENDED JUNE 30

**1969**

# SUDBURY CONTACT MINES LIMITED

**Executive and Head Office**  
**Suite 1101, 365 Bay Street, Toronto, Ontario**

To the Shareholders:

The comparative financial statement for the six months ended June 30, 1969, is attached.

During the period under review, your Company carried out a programme of diamond drilling on the 30-claim property in the Joutel Area of Northwestern Quebec which was acquired under an option to purchase agreement earlier this year. This property is adjacent to the west boundary of the copper-zinc producing mine of Rio Algom's Mines de Poirier Inc.

Six holes totalling 7,155 feet of drilling were completed on this claim group, three of which were deep holes drilled near the eastern boundary of the property to test the western extension of the dacite-rhyolite volcanic horizon which hosts the copper-zinc orebodies at Mines de Poirier. Three other holes were drilled in the western part of the property in the vicinity of the surface showing of sulphides.

Although no mineralization of economic interest was obtained in the holes drilled near the western boundary of the property of Mines de Poirier, wide intersections of basic intrusives were encountered which the Company's consultant concluded may be blotting out the ore horizon.

Two of the holes drilled in the western part of your Company's property were directed to test the downward extension of the surface showing of sulphides at an approximate depth of 600 feet. These holes did not encounter any mineralization. Another hole was drilled to test a small gravity anomaly about 600 feet south of the sulphide showing. No mineralization was encountered and the anomaly was found to be caused by a basic intrusive in contact with rhyolite.

The diamond drilling programme was stopped temporarily on July 10th to enable a study of these results together with geological information which will become available as Mines de Poirier Inc. continues developing westward its new deep copper zone.

Your Company's investment portfolio consists principally of shares in Agnico Mines Limited, Mentor Exploration and Development Co. Limited, and Eagle Gold Mines Limited. The investment in Eagle

Gold Mines Limited, consisting of 54,900 shares with a currently quoted market value of approximately \$300,000, is considered a major asset.

In addition to this direct interest in Eagle Gold Mines Limited, your Company, through its ownership of 71,100 shares of Agnico and 277,310 shares of Mentor, has a further indirect interest in respect to the holdings of these two latter companies of 200,000 shares and 501,696 shares, respectively, in Eagle Gold Mines Limited. For this reason, activities of this company are followed with considerable interest by your Directors.

Underground work at the Joutel Area gold property of Eagle Gold Mines Limited continues to add dimension to the orebody. Ore grade material has been found on all six levels currently under development between the 750-foot and 1500-foot horizons, as indicated by the earlier surface diamond drilling which outlined the ore zone in the mine area west of the gabbro dyke. In fact, underground work to date has found mineable widths of ore grade material well to the west of the ore limits defined by the original surface diamond drilling results.

These extensions to the west of the previous ore limits have, to date, been found on four levels, the 1050', 1200', 1350' and 1500' levels. The upper levels at the 750' and 900' horizons have not yet been sufficiently advanced to determine if similar extensions exist on these two levels.

Quite distinctly apart from the reserves attributed to the area west of the gabbro dyke, appreciable additional tonnage has been indicated by underground work on four levels from the 1050' and 1500' horizons to the east of the gabbro dyke, an area which was never considered in the estimate of reserves derived from the original surface diamond drilling.

Tons and grade calculations, based on the diamond drilling and other work completed to date on the east side of the gabbro dyke on these four levels, yield the following diamond drill indicated ore:

Level	T.V.F. (Tons/ vertical foot)	Length	Av. Width	Av. Grade (undiluted)
1050	680	500'	13.6'	0.44 ozs.
1200	540	350'	15.4'	0.28 ozs.
1350	685	525'	13.0'	0.33 ozs.
*1500	588	225'	26.0'	0.37 ozs.

\* Drifting in ore is continuing on this level and if projected to a point vertically below the eastern



areas of ore indicated in the three levels above, there is a potential additional length of some 400 to 500 feet.

The apparent widening of the ore zone on the 1500' level to the extent it has been tested to date, is considered significant in terms of the potential for the area below this horizon. The only hole drilled from underground to test below the 1500' horizon was U-10-5, directed to an area about 120 feet beneath the bottom level on the west side of the gabbro dyke. This hole intersected 0.41 ounce of gold per ton over a core length of 30.6 feet.

Start up of production at Eagle Gold Mines' property is scheduled on or about May 31, 1970. The design of the mill envisages an initial rated capacity of 800 tons per day, but capable of treating up to 1,000 tons with minor additions to the plant. Foundations for the mill-office complex have been poured and present construction schedules anticipate the erection and cladding of the office, service and mill buildings before the end of this year, and installation of all necessary mechanical and electrical equipment to coincide with the planned date for commencement of production.

Eagle Gold Mines Limited has recently received an additional \$3 million in working capital as a result of the sale of treasury shares. Further developments at this company's gold property are awaited with keen interest.

On behalf of the Board of Directors,

"PAUL PENNA"

August 14, 1969.

President.

# SUDBURY CONTACT MINES LIMITED

## *Statement of Income*

**FOR THE SIX MONTHS ENDED JUNE 30, 1969**

*(With Comparative Figures for the Six Months Ended  
June 30, 1968)*

	1969	1968
REVENUE		
Interest and dividends .....	\$ 544	\$ 1,597
Profit on sale of marketable securities .....	998	112,354
	<u>\$ 1,542</u>	<u>\$ 113,951</u>
EXPENSES		
Administration, office and accounting .....	\$ 3,000	\$ 3,000
Shareholders' information ...	3,076	1,903
Legal and audit .....	2,431	113
Transfer agents' fees .....	595	1,086
Directors' fees .....	150	600
Interest and bank charges ...	101	509
Depreciation, office furniture .	76	76
Donations .....	675	—
Miscellaneous .....	1,866	576
	<u>\$ 11,970</u>	<u>\$ 7,863</u>
NET PROFIT (LOSS) FOR PERIOD ...	<u><u>\$ (10,428)</u></u>	<u><u>\$ 106,088</u></u>

# SUDBURY CONTACT MINES LIMITED

## *Statement of Mining Claims and Properties and Deferred Exploration Expenditures*

**FOR THE SIX MONTHS ENDED JUNE 30, 1969**

*(With Comparative Figures for the Six Months Ended  
June 30, 1968)*

	1969	1968
Cost of mining claims and prop- erties at beginning of period	\$1,017,476	\$1,016,476
Options on mining claims acquired during period	7,500	6,500
	<u>\$1,024,976</u>	<u>\$1,022,976</u>
Options on claims written off	8,000	—
	<u>\$1,016,976</u>	<u>\$1,022,976</u>
Deferred exploration expenditures at beginning of period	\$ 318,382	\$ 253,937
<b>EXPENDITURES DURING PERIOD</b>		
POIRIER AND RAINBOTH TOWNSHIPS		
Claim rental	\$ 540	
Diamond drilling	49,735	
Surveys and surface work	3,596	
Consulting	3,452	
	<u>\$ 57,323</u>	
<b>PROVINCIAL MINING PROPERTY, COBALT</b>		
Wages		\$ 20,544
Light and power		2,291
Royalties		1,000
Insurance and workmen's compensation		1,207
Cartage		17
Employees' benefits		423
Drilling		1,664
Engineering and consulting fees		325
Depreciation, equipment		2,125
Supplies and tools		1,487
Fuel, oil and explosives		2,095
Equipment rentals		225
Assays		402
		<u>\$ 33,805</u>
LESS: Production of metals (net of milling and trans- portation ex- penses)		\$ 5,402
		<u>\$ 28,403</u>
<b>OTHER PROPERTIES</b>		
Mining taxes	650	57
	<u>\$ 57,973</u>	<u>\$ 28,460</u>
	<u>\$ 376,355</u>	<u>\$ 282,397</u>
LESS: Exploration ex- penditures written off	196,131	—
Deferred exploration expenditures at end of period	<u>\$ 180,224</u>	<u>\$ 282,397</u>
Mining Claims and Properties and deferred exploration expen- ditures at end of period	<u>\$1,197,200</u>	<u>\$1,305,373</u>

# SUDBURY CONTACT MINES LIMITED

## *Statement of Source and Application of Funds*

**FOR THE SIX MONTHS ENDED JUNE 30, 1969**

*(With Comparative Figures for the Six Months Ended  
June 30, 1968)*

	1969	1968
<b>FUNDS MADE AVAILABLE</b>		
By Operations		
Net profit (loss) for period	\$ (10,428)	\$ 106,088
Depreciation, which does not involve an outlay of funds . . . . .	76	76
	<u>\$ (10,352)</u>	<u>\$ 106,164</u>
 <b>FUNDS APPLIED</b>		
Exploration expenditures . . . .	\$ 57,973	\$ 28,460
LESS: Depreciation, which does not involve an outlay of funds . . . . .		2,125
		<u>\$ 26,335</u>
Option on mining claims . . . . .	7,500	6,500
Advance to prospecting syn- dicate . . . . .		250
Investment in and advances to other companies . . . . .		1,010
	<u>\$ 65,473</u>	<u>\$ 34,095</u>
 Increase (Decrease) in Working Capital . . . . .	\$ (75,825)	\$ 72,069
Working capital at beginning of period . . . . .	309,563	278,658
Working capital at end of period . .	<u>\$ 233,738</u>	<u>\$ 350,727</u>
Current Assets . . . . .	\$ 261,690	\$ 358,434
Current Liabilities . . . . .	27,952	7,707
	<u>\$ 233,738</u>	<u>\$ 350,727</u>

# AR25



AR25

# **SUDBURY CONTACT MINES**

L I M I T E D



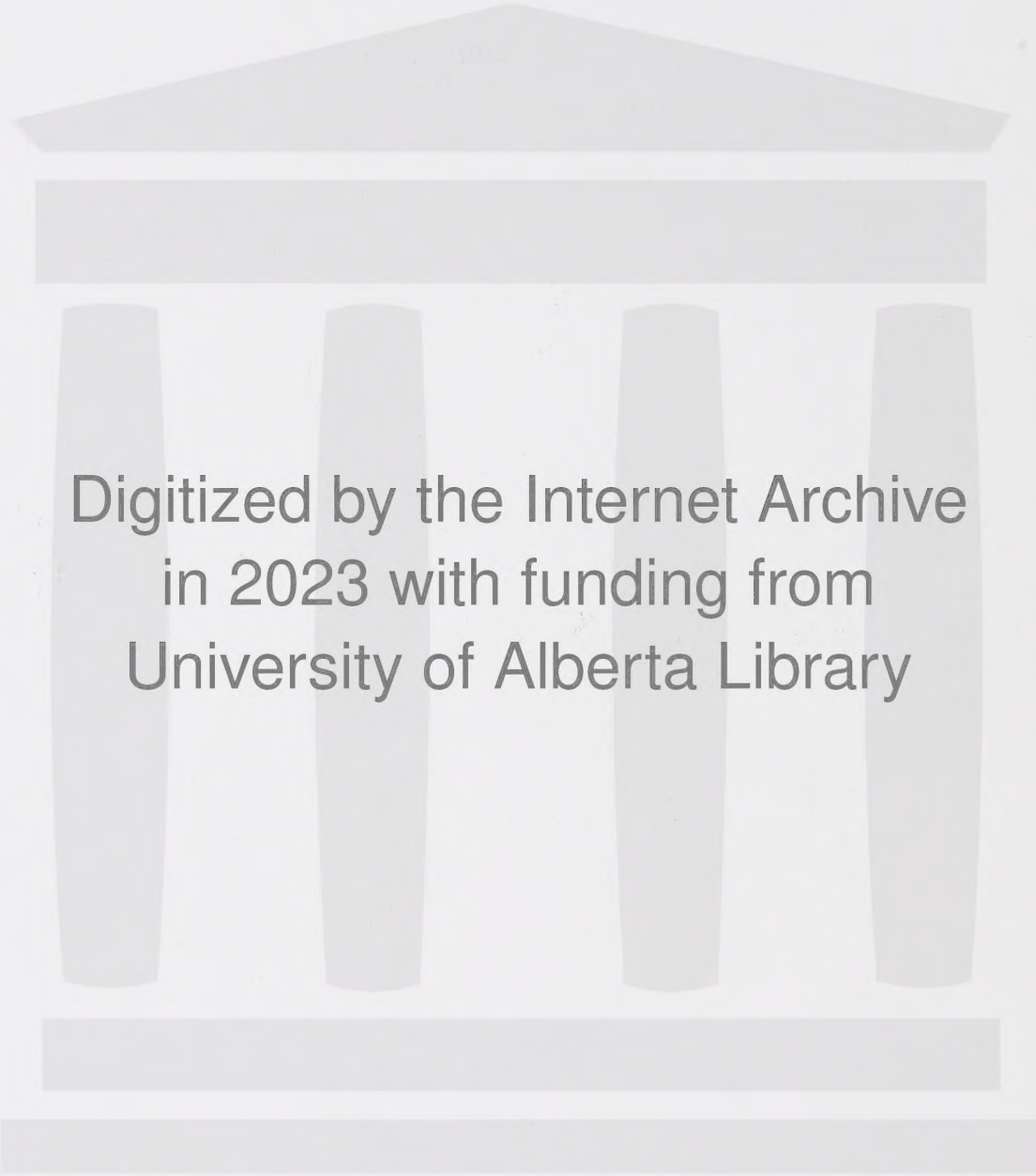
## **ANNUAL REPORT**



F O R   T H E   Y E A R   E N D E D   D E C E M B E R   3 1 S T

**1969**





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# SUDBURY CONTACT MINES, LIMITED

*(Incorporated under the Laws of the Province of Ontario)*

<b>Executive and Head Office</b>	Suite 1101, 365 Bay Street TORONTO, ONTARIO
<b>Directors</b>	ARCHIE BASEN SAMUEL GELLER WM. L. HOGARTH, JR. PAUL PENNA RUPERT F. RIGHTON JOHN L. VORBACH, JR.
<b>Officers</b>	PAUL PENNA, <i>President</i> JEAN GELLER, <i>Secretary-Treasurer</i>
<b>Consulting Geologist</b>	W. A. HUBACHECK, B.Sc., P.Eng.
<b>Transfer Agent and Registrar</b>	Guaranty Trust Company of Canada Toronto, Ontario
<b>Auditors</b>	Starkman, Kraft, Rothman, Berger & Grill, Chartered Accountants, Toronto, Ontario
<b>Shares Listed</b>	Toronto Stock Exchange, Toronto, Canada
<b>Annual Meeting</b>	June 30, 1970, 10:30 a.m. (Toronto Time), Royal York Hotel, 100 Front Street West, Toronto, Ontario



# SUDBURY CONTACT MINES, LIMITED

## *Directors' Report*

To the Shareholders:

The Directors present the audited financial statements of the Company for the year ended December 31, 1969, and also a general review of activities, exploration plans, property interests and principal investment holdings.

During 1969, your Company's main exploration program was in the Joutel Area of Quebec where six holes totalling 7,155 feet of drilling were completed on the optioned 30-claim property adjacent to the west boundary of the copper-zinc producing mine of Rio Algom's Mines de Poirier Inc.

For 1970, your Company plans one of its most active and extensive exploration campaigns with a tentative budget of some \$150,000 envisaged for the current season.

This will encompass a variety of exploration techniques including geophysics and considerable diamond drilling, centering around three principal targets — a group of 82 claims in the Birch Lake area about 70 miles east of Red Lake, Ontario; a group of 35 claims in Montgomery Township about 20 miles northwest of Blind River, Ontario; and the group of 30 claims in the Joutel Area of Quebec. Work scheduled for the latter property is a continuation of the 1969 exploration program.

Other properties and interests retained by your Company include a minority interest (9,600 shares) in a private company, Rose Creek Vangorda Mines Limited, formed to succeed the Dickson-Yukon Prospecting Syndicate and whose principal asset is a holding

of 500,000 shares of Pelly River Mines Limited, and the 35-claim property in Fairbanks Township, Ontario.

Your Company's principal investment holdings are 54,900 shares of Eagle Gold Mines Limited and 277,310 shares of Mentor Exploration & Development Co. Limited.

The following is a summary of the three principal exploration projects for the current year:

### **Birch Lake Area Claims**

Late in 1969, the Company acquired a working option covering three claim groups totalling 82 claims in the Birch Lake Area, about 70 miles east of Red Lake, Ontario. These claims lie along the northeasterly extension of the same belt of volcanic and sedimentary rocks which host the copper-zinc-silver discovery of Selco Exploration Co. at Confederation Lake, some 20 miles to the southwest.

The three claim blocks are designated as Projects A, B and C, consisting of 32 claims, 25 claims, and 25 claims, respectively. Ground magnetometer and electromagnetic surveys were completed over the Project A claims during January and February of 1970. Similar surveys were also carried out over the northern portion of Project C.

### **Project A**

This claim group covers several occurrences of disseminated pyrite and chalcopyrite



mineralization which were located by the prospector from whom the claims were optioned. No strong conductors were obtained in the geophysical surveys carried out during the winter, however, in view of the geological environment of these claims, together with the presence of disseminated chalcopyrite mineralization over a wide area, further detailed prospecting is warranted on the weak EM indications outlined in the survey.

A program of detailed exploration and geological mapping on the conductive zones and the mineralized area is planned, to be followed by diamond drilling if warranted.

#### **Project B**

This claim group adjoins to the west of a block of ground which is reputedly optioned to a major company which is currently carrying out a diamond drilling program. The Company's claims cover the same band of intermediate to acid volcanic rocks in which numerous disseminations of chalcopyrite have been exposed on the adjoining property. The claims are largely water-covered. Any plans for work on this property will depend upon the results of the present exploration program being carried out on the neighboring ground.

#### **Project C**

This claim group is located near the north-western end of Birch Lake and is substantially water-covered. There is a copper-nickel showing in the northern part of the claim block on which some stripping and trenching had been carried out. Although erratic, chip sampling of the best mineralization located in the trenches is reported to have averaged 1% combined copper-nickel over a width of 12 feet.

A gold showing is located on a small island in the southern part of this claim group. It

consists of gold bearing quartz stringers in an east-west striking shear zone that has been traced for 1,500 feet by trenching and diamond drilling. A series of drill holes completed in 1943 are reported to have outlined a small tonnage grading 0.4 oz. gold per ton.

The recently completed geophysical survey on the northern portion of this claim group obtained quite strong conductive effects. Initial diamond drilling is planned to test an anomalous zone that lies near the copper-nickel showings. This will consist of two preliminary holes and further work, including detailed prospecting, stripping and trenching is scheduled if warranted by the drilling results.

As stated in the note to the financial statements, the Company expects to spend approximately \$40,000 on the Birch Lake area claims during 1970.

#### **Joutel Area Property**

The Company acquired the option to purchase the 30-claim group in the Joutel Area of Quebec during 1969. This optioned property adjoins the west boundary of the copper-zinc producing mine of Rio Algom's Mines de Poirier Inc. Six holes totalling 7,155 feet of drilling were completed by the Company during the 1969 work, three of which were drilled near the eastern boundary.

Although no mineralization was encountered in these holes, the drilling confirmed the presence of the same dacitic rocks which host the orebodies of Mines de Poirier Inc. The new west copper orebody at Mines de Poirier is located about 1,200 feet east of the common boundary and was discovered by deep drilling to the 1000 foot horizon.

It has been recommended that a deep penetrating electromagnetic survey together with magnetics be carried out over the eastern

part of this claim group near the Mines de Poirier Mines' boundary, with follow-up diamond drilling to be done where warranted on the basis of the geophysical results. The cost of this combined program, including 3,000 feet of diamond drilling, would be in the order of \$40,000.

### **Montgomery Township Claims**

This claim group consisting of 17 patented and 18 unpatented claims, has been held by the Company for many years. The claims cover two parallel copper bearing quartz veins located about 600 feet apart. The main north vein system has been traced at intervals for 18,000 feet with both ends open. The south vein has been traced for 2,500 feet and is up to 20 feet wide. The latter vein has received very little exploratory attention to date. Other parallel copper bearing quartz veins are known to occur in the area both to the east and west of this claim group.

The property was initially optioned by your Company in 1952. During 1952-53, the trenches were re-sampled and 41 short holes totalling 8,032 feet of drilling were completed. This drilling outlined two shoots with a combined length of 960 feet averaging 2.65% copper across 5.6 feet. The 750-ft. interval between these two shoots has been explored by two holes with low copper values. Both shoots are open for extension on strike at both ends and to depth.

About 6,000 feet west of the foregoing drilling, nine holes were drilled along a 550-ft. length on the north vein system. Seven of these holes returned intersections of copper. These intersections varied from a low of 0.39% copper over a core length of 12.2 feet to a high of 3.60% copper across 5.9 feet. Another selected significant intersection ran 3.44% copper over a core length of 12.6 feet.

The Company's consulting geologist concluded that in view of the rising trend in copper prices over the last few years (the average price in 1953 was 30¢ per lb., compared to the current range around 59¢ per lb.), the results of the limited work completed to date on this property are of sufficient encouragement that adequate testing of the remaining favorable structure is warranted.

It is recommended that a program of diamond drilling be undertaken to consist of a minimum of 8,000 feet. This would include a deeper tier of holes below the vein sections already drilled and further drilling along strike to establish ore limits for grade and tonnage calculations. Drilling is also recommended to probe some of the untested portions of the favorable structure.

The resident engineer retained to supervise the drilling program reported on June 2, 1970, that four drill hole locations have been spotted and an early commencement of drilling is anticipated. This phase of the program, which is expected to be of some five months duration, will entail an expenditure estimated to be around \$70,000. Additional work will depend upon the results achieved.

Your Directors look forward with interest to an active year of exploration in the probe of the foregoing attractive projects.

On behalf of the Board of Directors,

“PAUL PENNA”,  
President.

June 12, 1970.

# BALANCE SHEET *as at December 31, 1969*

*(With comparative figures as at December 31, 1968)*

## ASSETS

### CURRENT ASSETS

Cash	.....
Deposit receipt	.....
Marketable securities, at lower of cost and market (market value 1969 — \$370,693; 1968 — \$873,431)	.....
Metal settlement receivable	.....
Accounts receivable	.....
Prepaid expenses	.....

### FIXED ASSETS, at cost (Note 2)

Equipment	.....
Office furniture	.....

*Less:* Accumulated depreciation .....

Mining claims and properties .....

### OTHER ASSETS

Investment in other companies, at cost	.....
— Shares	.....
— advances	.....
Deferred exploration expenditures	.....
Interest in prospecting syndicates, at cost	.....
Unlisted and escrowed securities, at nominal value	.....

## LIABILITIES

### CURRENT LIABILITIES

Accounts payable and accrued liabilities	.....
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## SHAREHOLDERS' EQUITY

### CAPITAL STOCK

Authorized — 6,000,000 shares, par value \$1 each	.....
Issued and fully paid — 4,986,250 shares	.....
<i>Less:</i> Discount	.....

DEFICIT .....

The accompanying notes are an integral part of these financial statements.

# SUDBURY CONTACT MINES, LIMITED

(Incorporated under the Laws of the Province of Ontario)

## AUDITORS' REPORT TO THE SHAREHOLDERS

*We have examined the balance sheet of Sudbury Contact Mines, Limited as at December 31, 1969 and the statements of income, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.*

*In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.*

*Starkman, Kraft, Rothman, Berger & Grill  
Chartered Accountants*

*Toronto, Ontario,  
May 1, 1970.*

1969	1968
\$ 39,174	\$ 3,016
—	50,247
154,398	253,813
—	4,547
5,000	252
887	2,390
<u>\$ 199,459</u>	<u>\$ 314,265</u>

\$ 21,269	\$ 21,269
1,753	1,526
<u>\$ 23,022</u>	<u>\$ 22,795</u>
17,118	16,943
<u>\$ 5,904</u>	<u>\$ 5,852</u>
1,021,376	1,017,476
<u>\$1,027,280</u>	<u>\$1,023,328</u>

\$ 9,610	—
2,500	—
188,407	318,382
—	9,600
1	1
<u>\$ 200,518</u>	<u>\$ 327,983</u>
<u>\$1,427,257</u>	<u>\$1,665,576</u>

\$ 2,702	\$ 4,702
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\$4,986,250	\$4,986,250
3,050,750	3,050,750
<u>\$1,935,500</u>	<u>\$1,935,500</u>
510,945	274,626
<u>\$1,424,555</u>	<u>\$1,660,874</u>
<u>\$1,427,257</u>	<u>\$1,665,576</u>

Approved on behalf of the Board,

PAUL PENNA, Director.

SAMUEL GELLER, Director.

# SUDBURY CONTACT MINES, LIMITED

## STATEMENT OF INCOME

For the year ended December 31, 1969

(With comparative figures for the year ended December 31, 1968)

	1969	1968
REVENUE		
Interest and dividends	\$ 559	\$ 3,613
Production of metals (net of milling and transportation costs)	—	4,547
	<u>\$ 559</u>	<u>\$ 8,160</u>
EXPENSES		
Administration, office and accounting	\$ 6,000	\$ 6,000
Shareholders' information	4,635	3,204
Transfer agent fees	1,299	2,070
Legal and audit	4,790	2,860
Interest and bank charges	468	607
Directors' fees	150	550
Depreciation, office furniture	175	152
Licences and taxes	309	524
Miscellaneous	1,931	1,567
	<u>\$ 19,757</u>	<u>\$ 17,534</u>
Deferred exploration expenditure written off	—	4,547
	<u>\$ 19,757</u>	<u>\$ 22,081</u>
Profit (loss) on sale and revaluation of marketable securities (net)	(11,678)	113,611
	<u>\$ 31,435</u>	<u>\$ (91,530)</u>
NET INCOME (LOSS) FOR THE YEAR	<u>\$ (30,876)</u>	<u>\$ 99,690</u>

## STATEMENT OF DEFICIT

For the year ended December 31, 1969

(With comparative figures for the year ended December 31, 1968)

	1969	1968
DEFICIT AT BEGINNING OF YEAR	\$ 274,626	\$ 356,751
Option on claims written off — Louvicourt Area, Quebec		17,565
— Chibougamau Township	1,000	
Provincial mining property-lease dropped	7,000	
Deferred expenditures on above	197,443	
	<u>\$ 480,069</u>	<u>\$ 374,316</u>
Net income (loss) for the year	(30,876)	99,690
DEFICIT AT END OF YEAR	<u>\$ 510,945</u>	<u>\$ 274,626</u>



# SUDBURY CONTACT MINES, LIMITED

## STATEMENT OF DEFERRED EXPLORATION EXPENDITURES

For the year ended December 31, 1969

(With comparative figures for the year ended December 31, 1968)

EXPENDITURES DURING YEAR	1969	1968
Provincial Mining Property, Cobalt		
Wages		\$ 32,966
Light and power		3,249
Drilling		2,832
Fuel oils and explosives		2,786
Equipment rentals		2,600
Supplies and tools		1,619
Insurance and workmen's compensation		2,215
Assays		519
Royalties		2,000
Cartage		43
Employee benefits		753
Engineering and consulting fees		725
Depreciation, equipment		4,072
Other		439
	<u>—</u>	<u>\$ 56,818</u>
Chibougamau Township		
Diamond drilling, assaying and general field expense		\$ 7,490
Wages		1,040
Consulting		650
General expenses		1,674
	<u>—</u>	<u>\$ 10,854</u>
Poirier, Rainboth and Joutel Townships		
Diamond drilling	\$ 48,093	
Engineering and consulting fees	7,913	
Wages	582	
Surveys	130	
Claim rental	495	
	<u>\$ 57,213</u>	<u>—</u>
Red Lake Mining Division		
Staking	\$ 4,000	
Consulting	2,707	
Travelling	607	
General	103	
	<u>\$ 7,417</u>	<u>—</u>
Other Properties		
Licenses, fees and taxes	\$ 2,138	—
General and consulting	700	\$ 1,320
	<u>\$ 2,838</u>	<u>\$ 1,320</u>
	<u>\$ 67,468</u>	<u>\$ 68,992</u>
Deferred exploration expenditures at beginning of year	318,382	253,937
	<u>\$ 385,850</u>	<u>\$ 322,929</u>
Expenditures written off — Provincial Mining Property	\$ 185,276	
— Chibougamau Township	10,854	
— Other	1,313	
Portion of deferred exploration expenditures applied against production income	<u>—</u>	<u>\$ 4,547</u>
	<u>\$ 197,443</u>	<u>\$ 4,547</u>
	<u>\$ 188,407</u>	<u>\$ 318,382</u>

# SUDBURY CONTACT MINES, LIMITED

## SUMMARY OF DEFERRED EXPLORATION EXPENDITURES

For the year ended December 31, 1969

(With comparative figures for the year ended December 31, 1968)

	1969	1968
Fairbanks Township .....	\$ 66,580	\$ 64,082
Provincial Mining Property — Cobalt .....	—	185,276
Montgomery Township .....	57,071	56,731
Thunder Bay .....	126	126
Chibougama Township .....	—	10,854
Poirier, Rainboth and Joutel Townships .....	57,213	—
Red Lake Mining Division .....	7,417	—
Other .....	—	1,313
	<u>\$ 188,407</u>	<u>\$ 318,382</u>

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1969

(With comparative figures for the year ended December 31, 1968)

SOURCE OF FUNDS	1969	1968
Operations		
Net income (loss) for the year .....	\$ (30,876)	\$ 99,690
Add items which do not involve an outlay of funds		
— depreciation .....	175	153
— deferred exploration expenditures written off .....	—	4,547
	<u>\$ (30,701)</u>	<u>\$ 104,390</u>
APPLICATION OF FUNDS		
Exploration expenditures .....	\$ 67,468	\$ 68,992
Less: Depreciation which does not involve an outlay of funds .....	—	4,072
	<u>\$ 67,468</u>	<u>\$ 64,920</u>
Acquisition of options on mining claims .....	11,900	8,565
Acquisition of fixed assets .....	227	—
Investment in other companies .....	2,510	—
	<u>\$ 82,105</u>	<u>\$ 73,485</u>
INCREASE (DECREASE) IN WORKING CAPITAL .....	\$ (112,806)	\$ 30,905
WORKING CAPITAL AT BEGINNING OF YEAR .....	309,563	278,658
WORKING CAPITAL AT END OF YEAR .....	<u>\$ 196,757</u>	<u>\$ 309,563</u>

# SUDBURY CONTACT MINES, LIMITED

## NOTES TO FINANCIAL STATEMENTS

December 31, 1969

- Note 1: At May 1, 1970, the market value of the company's marketable securities had declined by approximately \$82,000 from the market value stated herein.
- Note 2: The company has dropped its leases on the Provincial Mining Property at Cobalt and has stored the equipment used on this property. No depreciation has been provided for during the year on this equipment.
- Note 3: The company has entered into various working option agreements as follows:

### GROUP I

Red Lake Mining Division — working option on 82 claims at a cost to date of \$4,400. The maximum payments required during 1970 to extend the options for 12 months amount to \$14,500. The company may acquire part or all of these claims by making certain payments over a 3 to 5 year period for a maximum amount of \$147,500. The company expects to spend approximately \$40,000 on exploration of these claims during 1970.

### GROUP II

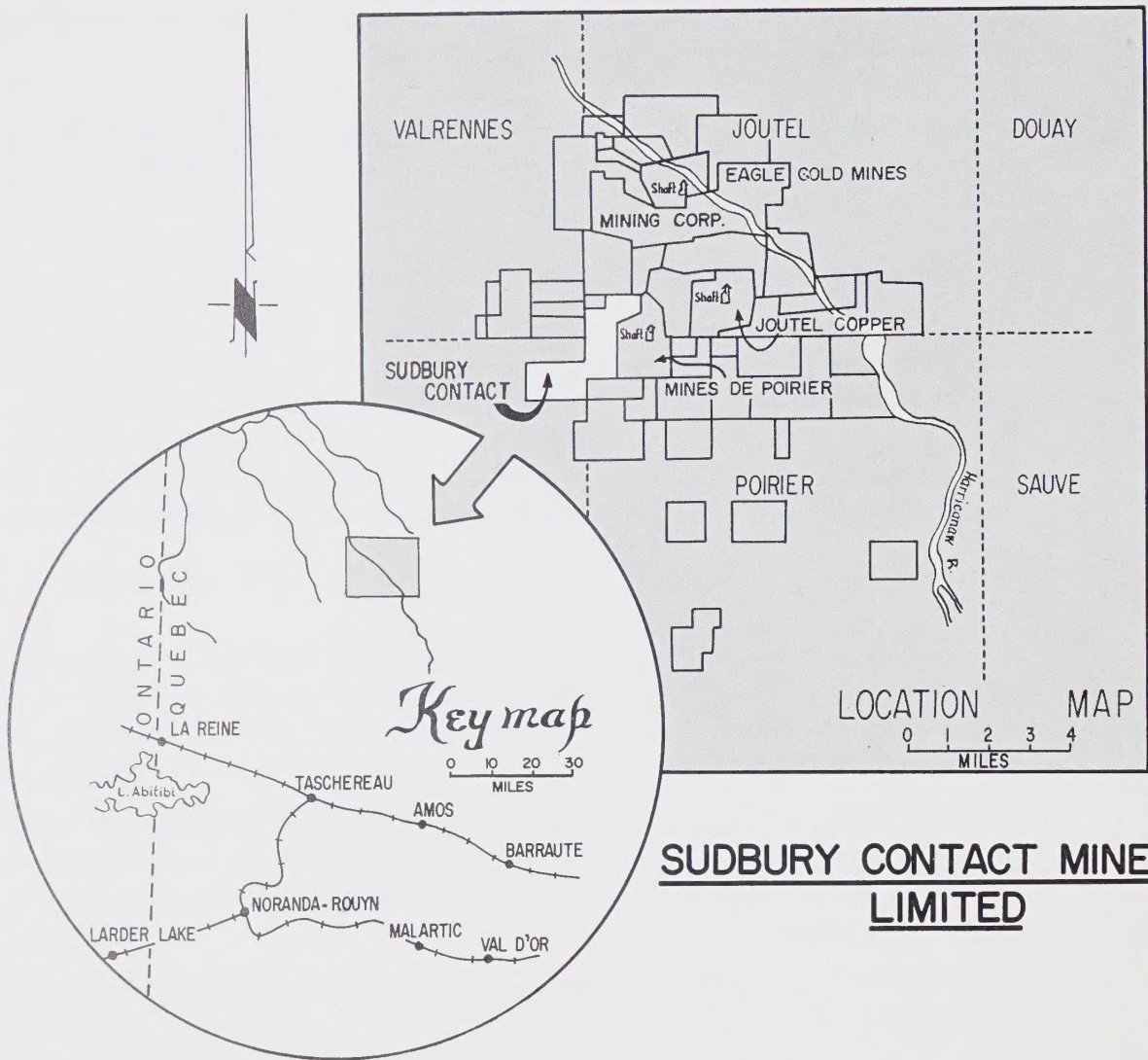
Poirier, Rainboth and Joutel Townships — working option on 29 claims at a cost to date of \$3,500. The maximum payments required during 1970 to extend the option for 12 months amount to \$3,000. The company may acquire these claims by making payments totalling \$50,000 over a 5 year period.

Poirier Township — working option on 1 claim at a cost of \$4,000 to date. The maximum payments required during 1970 to extend the option for 12 months amount to \$1,000. The company may acquire this claim by making payments totalling \$50,500 over a 5 year period.

The company expects to spend approximately \$5,000 on a geophysical survey on these claims during 1970.

- Note 4: In addition to the anticipated expenditures as outlined in Note 3, the company expects to spend approximately \$70,000 on a diamond drilling programme on its property in Montgomery Township in 1970.





**SUDBURY CONTACT MINES**  
**LIMITED**





